

**TESTIMONY BEFORE THE
PUBLIC HEALTH COMMITTEE
LEGISLATIVE OFFICE BUILDING
MARCH 18, 2015**

My name is Jennifer Herz and I am Assistant Counsel for the Connecticut Business and Industry Association (CBIA). CBIA has been representing Connecticut's employers for 200 years and our goal is to foster a dynamic business climate. Our members include businesses from across the state of all sizes and industry types and we are proud to say the vast majority of our members are small companies employing less than 50 people.

CBIA's members are concerned about cost and quality of Connecticut's healthcare system. Connecticut employers help their employees pay for health insurance and rising premiums make it increasingly more difficult for employers to help their employees pay. In a recent survey, CBIA's members listed healthcare costs among the top 3 issues keeping them up at night – right behind national and state economy.¹ And, I am sure many of you have firsthand knowledge from your friends and neighbors about the concerns regarding the rising cost of health insurance. Equally important, employers value the bottom line impact of healthy employees because that means a productive, innovative workforce.

That is why CBIA has significant concerns with SB 955 An Act Implementing Provisions of the Budget Concerning Public Health.

SB 955 moves about \$8.8 million worth of programming from the Department of Public Health (DPH) budget to the Insurance Fund. The concern with this change is not about the specific programming but instead about the cost impact on premiums paid by employers and their employees. Transferring \$8.8 million to the Insurance Fund means that health insurers will foot the bill for the programs and in turn pass along the additional cost in the form of higher premiums.

¹ See 2014 Survey of Connecticut Business: http://www5.cbiam.com/newsroom/wp-content/uploads/2014/09/BlumShapiro_14.pdf (page 5)

It's important to analyze the additional \$8.8 million not as a single additional fee but in conjunction with the many other taxes and fees that drive health insurance premiums:

- State Innovation Model (SIM): \$3.2 million
- Immunization Fund: \$32.7 million
- Access Health Fee: \$40 million
- Federal Health Insurance Tax: \$8 billion
- Federal PCORI Fee: \$2 per person
- Federal Reinsurance Fund: \$63 per person

I want to be clear concerns about the taxes and fees that drive premium are not criticisms of any particular program. For example, CBIA has been supportive of the SIM initiative - the concern is how these programs are funded. But recently SIM funding was also transferred into the Insurance Fund. Taking SIM as the example, it's a good program intended to focus on payment reform – a goal that benefits everyone in the state – yet only a select group of employers are footing the bill. Like, the DPH programs, the SIM programs should be a General Fund expenditure.

All of these taxes and fees increase the premiums paid by employers and their employees. Furthermore, these new programs are not the original intent of the insurance fund and its integrity is compromised when more and more programs are simply transferred to this fund as a means to pay for other initiatives that benefit everyone in Connecticut.

Finally, it's important to keep in mind this additional \$8.8 million is just one part of the Insurance Fund that now totals \$79.8 million in 2016 and \$81.3 million in 2017. These costs are ultimately redistributed to employers and their employees in the form of higher insurance premiums and therefore we respectfully urge your opposition to SB 955.

Thank you for the opportunity to submit our comment and I look forward to the opportunity to work with the Committee on this matter.